

CITY OF FORT LAUDERDALE, FLORIDA

COMBINED BALANCE SHEET
ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNIT
SEPTEMBER 30, 2001

	GOVERNMENTAL FUNDS				PROPRIETARY FUNDS		FIDUCIARY FUNDS	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)	COMPONENT UNIT	TOTALS (MEMORANDUM ONLY) REPORTING ENTITY	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	PRIMARY GOVERNMENT		2001	2000
<u>ASSETS AND OTHER DEBITS</u>													
ASSETS													
Cash and Cash Equivalents	\$ 11,358,734	11,604,264	245,628	25,671,396	108,867,982	24,862,974	183,979	0	0	182,794,957	79,420	182,874,377	162,395,410
Investments	0	36,436	297,468	25,526,261	0	0	627,814,294	0	0	653,674,459	0	653,674,459	752,503,681
Receivables (Net of Allowances for Uncollectibles)													
Property Taxes	1,702,469	0	178,805	0	0	0	0	0	0	1,881,274	0	1,881,274	2,045,866
Accounts and Loans	5,631,143	3,536	0	0	6,058,122	13,349	1,769,218	0	0	13,475,368	0	13,475,368	12,339,889
Unbilled Services	0	0	0	0	2,271,580	0	0	0	0	2,271,580	0	2,271,580	2,793,011
Assessments	0	0	0	918,549	3,136,294	0	0	0	0	4,054,843	0	4,054,843	2,495,366
Accrued Dividends and Interest	0	0	0	0	0	0	2,087,456	0	0	2,087,456	0	2,087,456	3,355,372
Due from Other Funds	22,160	0	0	93,109	1,337,491	0	0	0	0	1,452,760	0	1,452,760	1,154,785
Due from Other Governments	1,817,907	2,061,763	0	694,531	429,529	0	684	0	0	5,004,414	0	5,004,414	6,277,179
Inventories	143,369	10,350,409	0	3,093,864	612,136	363,293	0	0	0	14,563,071	0	14,563,071	15,131,827
Restricted Assets													
Cash and Cash Equivalents	0	0	0	0	13,287,846	17,548	0	0	0	13,305,394	0	13,305,394	19,213,854
Investments	0	0	0	0	634,044	0	0	0	0	634,044	0	634,044	5,736,865
Fixed Assets (Net of Accumulated Depreciation)	0	0	0	0	325,127,270	18,418,135	12,707	224,539,287	0	568,097,399	0	568,097,399	543,488,730
Investment in Joint Venture	0	0	0	0	1,239,255	0	0	0	0	1,239,255	0	1,239,255	1,279,118
Deferred Debt Issuance Costs	0	0	0	0	100,049	0	0	0	0	100,049	0	100,049	64,020
Deposits	60,882	0	0	0	0	145,037	2,175	0	0	208,094	0	208,094	208,094
Total Assets	<u>20,736,664</u>	<u>24,056,408</u>	<u>721,901</u>	<u>55,997,710</u>	<u>463,101,598</u>	<u>43,820,336</u>	<u>631,870,513</u>	<u>224,539,287</u>	<u>0</u>	<u>1,464,844,417</u>	<u>79,420</u>	<u>1,464,923,837</u>	<u>1,530,483,067</u>
OTHER DEBITS													
Amount Available for Payment of General Long-Term Debt	0	0	0	0	0	0	0	0	541,845	541,845	0	541,845	912,716
Amount to be Provided for Payment of General Long-Term Debt	0	0	0	0	0	0	0	0	113,448,161	113,448,161	0	113,448,161	117,522,332
Total Other Debits	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>113,990,006</u>	<u>113,990,006</u>	<u>0</u>	<u>113,990,006</u>	<u>118,435,048</u>
<u>TOTAL ASSETS AND OTHER DEBITS</u>	<u>\$ 20,736,664</u>	<u>24,056,408</u>	<u>721,901</u>	<u>55,997,710</u>	<u>463,101,598</u>	<u>43,820,336</u>	<u>631,870,513</u>	<u>224,539,287</u>	<u>113,990,006</u>	<u>1,578,834,423</u>	<u>79,420</u>	<u>1,578,913,843</u>	<u>1,648,918,115</u>

The accompanying notes are an integral part of these financial statements

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CITY OF FORT LAUDERDALE, FLORIDA

COMBINED BALANCE SHEET
ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNIT
SEPTEMBER 30, 2001

	GOVERNMENTAL FUNDS				PROPRIETARY FUNDS		FIDUCIARY FUNDS	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)		TOTALS (MEMORANDUM ONLY) REPORTING ENTITY	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	PRIMARY GOVERNMENT	COMPONENT UNIT	2001	2000
<u>LIABILITIES, EQUITY AND OTHER CREDITS</u>													
LIABILITIES													
Vouchers Payable	\$ 818,709	1,201,742	1,251	3,483,604	5,668,258	1,407,655	2,450,957	0	0	15,032,176	0	15,032,176	11,745,116
Contracts Payable	0	59,028	0	744,009	606,409	0	0	0	0	1,409,446	0	1,409,446	1,733,162
Accrued Payroll	3,616,862	92,808	0	0	714,174	56,955	12,836	0	0	4,493,635	0	4,493,635	4,132,769
Due to Other Funds	0	0	0	519,672	0	0	933,088	0	0	1,452,760	0	1,452,760	1,154,785
Due to Other Governments	92,063	0	0	0	34,319	0	180,858	0	0	307,240	0	307,240	191,648
Estimated Insurance Claims Payable	0	0	0	0	0	17,997,124	0	0	0	17,997,124	0	17,997,124	15,194,939
Payable from Restricted Assets													
Vouchers Payable	0	0	0	0	0	0	0	0	0	0	0	0	36,751
Accrued Interest	0	0	0	0	43,289	17,548	0	0	0	60,837	0	60,837	57,118
Deposits	0	0	0	0	3,812,537	0	0	0	0	3,812,537	0	3,812,537	3,582,151
Accrued Compensated Absences and Longevity	60,229	0	0	0	3,944,594	231,326	0	0	20,537,690	24,773,839	0	24,773,839	23,029,070
Deposits	2,089,623	502,520	0	260,895	703,421	0	0	0	0	3,556,459	0	3,556,459	3,539,338
Deferred Revenue	2,961,162	4,703,666	178,805	1,946,218	3,416,345	0	0	0	0	13,206,196	0	13,206,196	10,054,535
Capital Lease Obligations	0	0	0	0	0	816,058	0	0	0	816,058	0	816,058	0
Long-Term Bonds, Notes and Loans													
Bonds, Notes and Loans Payable	0	0	0	0	9,870,000	4,260,000	0	0	90,950,000	105,080,000	0	105,080,000	119,215,000
Unamortized Bond Discount	0	0	0	0	(75,106)	0	0	0	0	(75,106)	0	(75,106)	(116,581)
Special Assessment Debt with Government Commitment	0	0	0	0	0	0	0	0	2,502,316	2,502,316	0	2,502,316	0
Estimated Landfill Closure Costs	0	0	0	0	5,500,000	0	0	0	0	5,500,000	0	5,500,000	12,900,000
Total Liabilities	9,638,648	6,559,764	180,056	6,954,398	34,238,240	24,786,666	3,577,739	0	113,990,006	199,925,517	0	199,925,517	206,449,801
EQUITY AND OTHER CREDITS													
Contributions	0	0	0	0	116,283,963	17,656,279	0	0	0	133,940,242	0	133,940,242	131,500,382
Investment in General Fixed Assets	0	0	0	0	0	0	0	224,539,287	0	224,539,287	0	224,539,287	209,148,882
Retained Earnings													
Reserved	0	0	0	0	8,119,923	0	0	0	0	8,119,923	0	8,119,923	14,344,318
Unreserved	0	0	0	0	304,459,472	1,377,391	0	0	0	305,836,863	0	305,836,863	286,241,604
Fund Balances													
Reserved	2,090,838	10,640,858	541,845	14,173,140	0	0	628,292,774	0	0	655,739,455	0	655,739,455	745,641,165
Unreserved	9,007,178	6,855,786	0	34,870,172	0	0	0	0	0	50,733,136	79,420	50,812,556	55,591,963
Total Retained Earnings/Fund Balances	11,098,016	17,496,644	541,845	49,043,312	312,579,395	1,377,391	628,292,774	0	0	1,020,429,377	79,420	1,020,508,797	1,101,819,050
Total Equity and Other Credits	11,098,016	17,496,644	541,845	49,043,312	428,863,358	19,033,670	628,292,774	224,539,287	0	1,378,908,906	79,420	1,378,988,326	1,442,468,314
<u>TOTAL LIABILITIES, EQUITY AND OTHER CREDITS</u>	\$ 20,736,664	24,056,408	721,901	55,997,710	463,101,598	43,820,336	631,870,513	224,539,287	113,990,006	1,578,834,423	79,420	1,578,913,843	1,648,918,115

The accompanying notes are an integral part of these financial statements.

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CITY OF FORT LAUDERDALE, FLORIDA

COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNIT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001

	GOVERNMENTAL FUNDS				TOTALS (MEMORANDUM ONLY)	COMPONENT UNIT	TOTALS (MEMORANDUM ONLY) REPORTING ENTITY	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	PRIMARY GOVERNMENT		2001	2000
<u>REVENUES</u>								
Property Taxes	\$ 68,719,618	0	0	0	68,719,618	45,303	68,764,921	63,655,879
Utility Taxes	27,920,272	0	0	0	27,920,272	0	27,920,272	27,405,988
Franchise Taxes	14,238,819	0	0	0	14,238,819	0	14,238,819	12,095,197
Licenses and Permits	8,246,240	0	0	0	8,246,240	0	8,246,240	8,233,144
Fines and Forfeitures	2,170,927	864,750	0	0	3,035,677	0	3,035,677	3,172,306
Intergovernmental	15,119,084	13,591,866	0	1,531,492	30,242,442	0	30,242,442	32,560,917
Charges for Services	16,271,075	48,000	0	0	16,319,075	0	16,319,075	12,701,108
Other	24,304,185	1,637,935	175,514	3,709,995	29,827,629	5,386	29,833,015	28,359,419
Total Revenues	176,990,220	16,142,551	175,514	5,241,487	198,549,772	50,689	198,600,461	188,183,958
<u>EXPENDITURES</u>								
Current								
General Government	23,419,736	0	0	912,919	24,332,655	0	24,332,655	21,139,022
Public Safety	100,624,502	4,224,853	0	0	104,849,355	0	104,849,355	100,646,185
Physical Environment	5,765,686	97,475	0	0	5,863,161	0	5,863,161	5,447,069
Transportation	2,365,899	1,294,152	0	0	3,660,051	0	3,660,051	2,827,079
Economic Environment	1,220,523	10,163,229	0	0	11,383,752	44,082	11,427,834	11,766,696
Culture and Recreation	24,841,982	0	0	0	24,841,982	0	24,841,982	23,659,719
Capital Outlay	0	632,273	0	20,758,455	21,390,728	0	21,390,728	18,485,484
Debt Service								
Principal Retirement	0	55,000	8,460,000	0	8,515,000	0	8,515,000	7,995,000
Interest and Fiscal Charges	0	97,757	4,492,917	19,270	4,609,944	0	4,609,944	4,904,415
Total Expenditures	158,238,328	16,564,739	12,952,917	21,690,644	209,446,628	44,082	209,490,710	196,870,669
<u>EXCESS REVENUES OVER (UNDER) EXPENDITURES</u>	18,751,892	(422,188)	(12,777,403)	(16,449,157)	(10,896,856)	6,607	(10,890,249)	(8,686,711)
<u>OTHER FINANCING SOURCES (USES)</u>								
Proceeds from Debt Issuance	0	0	0	2,502,316	2,502,316	0	2,502,316	2,085,000
Operating Transfers In	89,256	1,553,153	12,406,532	6,720,184	20,769,125	0	20,769,125	21,866,870
Operating Transfers Out	(15,393,987)	(1,115,099)	0	(1,623,377)	(18,132,463)	0	(18,132,463)	(17,781,360)
Total Other Financing Sources (Uses)	(15,304,731)	438,054	12,406,532	7,599,123	5,138,978	0	5,138,978	6,170,510
<u>EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</u>	3,447,161	15,866	(370,871)	(8,850,034)	(5,757,878)	6,607	(5,751,271)	(2,516,201)
<u>FUND BALANCES - BEGINNING OF PERIOD</u>	8,149,401	17,705,333	912,716	57,893,346	84,660,796	72,813	84,733,609	87,700,097
Equity Transfers from Other Funds	0	0	0	0	0	0	0	62,929
Equity Transfers to Other Funds	(498,546)	(224,555)	0	0	(723,101)	0	(723,101)	(513,216)
<u>FUND BALANCES - END OF PERIOD</u>	\$ 11,098,016	17,496,644	541,845	49,043,312	78,179,817	79,420	78,259,237	84,733,609

The accompanying notes are an integral part of these financial statements

CITY OF FORT LAUDERDALE, FLORIDA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS) -
GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUND TYPES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001

	GENERAL FUND			SPECIAL REVENUE		FUNDS	DEBT SERVICE FUNDS			TOTALS (MEMORANDUM ONLY)		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
REVENUES												
Property Taxes	\$ 68,362,367	68,719,618	357,251	0	0	0	0	0	0	68,362,367	68,719,618	357,251
Utility Taxes	28,369,000	27,920,272	(448,728)	0	0	0	0	0	0	28,369,000	27,920,272	(448,728)
Franchise Taxes	12,800,000	14,238,819	1,438,819	0	0	0	0	0	0	12,800,000	14,238,819	1,438,819
Licenses and Permits	8,136,400	8,246,240	109,840	0	0	0	0	0	0	8,136,400	8,246,240	109,840
Fines and Forfeitures	1,875,750	2,170,927	295,177	0	0	0	0	0	0	1,875,750	2,170,927	295,177
Intergovernmental	15,284,917	15,119,084	(165,833)	13,606,996	13,591,866	(15,130)	0	0	0	28,891,913	28,710,950	(180,963)
Charges for Services	15,611,770	16,271,075	659,305	0	0	0	0	0	0	15,611,770	16,271,075	659,305
Other	23,477,797	24,304,185	826,388	1,236,039	1,413,426	177,387	134,588	175,514	40,926	24,848,424	25,893,125	1,044,701
Total Revenues	173,918,001	176,990,220	3,072,219	14,843,035	15,005,292	162,257	134,588	175,514	40,926	188,895,624	192,171,026	3,275,402
EXPENDITURES												
Current												
General Government	24,780,030	24,194,064	585,966	0	0	0	0	0	0	24,780,030	24,194,064	585,966
Public Safety	102,183,558	101,307,903	875,655	2,835,664	2,835,664	0	0	0	0	105,019,222	104,143,567	875,655
Physical Environment	5,765,423	5,784,867	(19,444)	97,475	97,475	0	0	0	0	5,862,898	5,882,342	(19,444)
Transportation	2,389,083	2,449,452	(60,369)	1,294,152	1,294,152	0	0	0	0	3,683,235	3,743,604	(60,369)
Economic Environment	1,349,837	1,234,707	115,130	10,745,271	10,163,892	581,379	0	0	0	12,095,108	11,398,599	696,509
Culture and Recreation	25,549,176	25,214,804	334,372	0	0	0	0	0	0	25,549,176	25,214,804	334,372
Capital Outlay	0	0	0	826,390	826,390	0	0	0	0	826,390	826,390	0
Debt Service												
Principal Retirement	0	0	0	55,000	55,000	0	8,442,000	8,460,000	(18,000)	8,497,000	8,515,000	(18,000)
Interest and Fiscal Charges	0	0	0	110,000	97,757	12,243	4,514,594	4,492,917	21,677	4,624,594	4,590,674	33,920
Total Expenditures	162,017,107	160,185,797	1,831,310	15,963,952	15,370,330	593,622	12,956,594	12,952,917	3,677	190,937,653	188,509,044	2,428,609
EXCESS REVENUES OVER (UNDER)												
EXPENDITURES	11,900,894	16,804,423	4,903,529	(1,120,917)	(365,038)	755,879	(12,822,006)	(12,777,403)	44,603	(2,042,029)	3,661,982	5,704,011
OTHER FINANCING SOURCES (USES)												
Operating Transfers In	157,951	89,256	(68,695)	1,602,902	1,553,153	(49,749)	12,528,033	12,406,532	(121,501)	14,288,886	14,048,941	(239,945)
Operating Transfers Out	(15,679,727)	(15,393,987)	285,740	(602,945)	(602,945)	0	0	0	0	(16,282,672)	(15,996,932)	285,740
Total Other Financing Sources (Uses)	(15,521,776)	(15,304,731)	217,045	999,957	950,208	(49,749)	12,528,033	12,406,532	(121,501)	(1,993,786)	(1,947,991)	45,795
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(3,620,882)	1,499,692	5,120,574	(120,960)	585,170	706,130	(293,973)	(370,871)	(76,898)	(4,035,815)	1,713,991	5,749,806
FUND BALANCES - BEGINNING OF PERIOD	6,120,546	6,120,546	0	14,318,161	14,318,161	0	912,716	912,716	0	21,351,423	21,351,423	0
Encumbrances at September 30, 2000	2,028,855	2,028,855	0	38,141	38,141	0	0	0	0	2,066,996	2,066,996	0
Equity Transfers from Other Funds	0	0	0	0	0	0	0	0	0	0	0	0
Equity Transfers to Other Funds	(498,546)	(498,546)	0	(21,855)	(21,855)	0	0	0	0	(520,401)	(520,401)	0
FUND BALANCES - END OF PERIOD	\$ 4,029,973	9,150,547	5,120,574	14,213,487	14,919,617	706,130	618,743	541,845	(76,898)	18,862,203	24,612,009	5,749,806

The accompanying notes are an integral part of these financial statements.

CITY OF FORT LAUDERDALE, FLORIDA

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS/FUND BALANCES
ALL PROPRIETARY FUND TYPES AND NON-EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001

	PROPRIETARY FUNDS		FIDUCIARY FUNDS	TOTALS	
	ENTERPRISE	INTERNAL SERVICE	NON-EXPENDABLE TRUST	(MEMORANDUM ONLY)	
				2001	2000
<u>OPERATING REVENUES</u>					
Charges for Services	\$ 80,658,868	33,216,016	0	113,874,884	111,761,534
Investment Income (Loss)	0	0	(1,791,536)	(1,791,536)	1,505,307
Equity in Earnings of Joint Venture	71,358	0	0	71,358	95,808
Other	10,867,870	1,313,883	352,428	12,534,181	12,183,872
Total Operating Revenues	91,598,096	34,529,899	(1,439,108)	124,688,887	125,546,521
<u>OPERATING EXPENSES</u>					
Personal Services	26,290,286	2,076,142	0	28,366,428	26,414,096
Current Expenses	44,726,622	34,509,870	0	79,236,492	69,540,622
Administrative Costs	0	0	497,946	497,946	522,152
Depreciation	9,782,247	6,525,729	0	16,307,976	16,000,039
Total Operating Expenses	80,799,155	43,111,741	497,946	124,408,842	112,476,909
Operating Income (Loss)	10,798,941	(8,581,842)	(1,937,054)	280,045	13,069,612
<u>NON-OPERATING REVENUES (EXPENSES)</u>					
Revenues					
Interest	8,512,410	1,670,134	0	10,182,544	9,024,509
Change in Estimated Landfill Closure Costs	1,188,000	0	0	1,188,000	(2,900,000)
Other	513,721	322,834	0	836,555	1,207,715
Total	10,214,131	1,992,968	0	12,207,099	7,332,224
Expenses					
Interest and Fiscal Charges	924,761	208,670	0	1,133,431	1,080,640
Less Interest Capitalized	(150,106)	0	0	(150,106)	(276,255)
Other	9,515	0	0	9,515	20,468
Total	784,170	208,670	0	992,840	824,853
Total Non-Operating Revenues (Expenses)	9,429,961	1,784,298	0	11,214,259	6,507,371
Income (Loss) Before Operating Transfers	20,228,902	(6,797,544)	(1,937,054)	11,494,304	19,576,983
<u>OPERATING TRANSFERS IN (OUT)</u>					
Transfers In	80,132	265,447	0	345,579	0
Transfers Out	(2,870,552)	(111,689)	0	(2,982,241)	(4,085,510)
Total Operating Transfers In (Out)	(2,790,420)	153,758	0	(2,636,662)	(4,085,510)
<u>NET INCOME (LOSS)</u>	17,438,482	(6,643,786)	(1,937,054)	8,857,642	15,491,473
Depreciation on Contributed Fixed Assets	2,817,251	25,862	0	2,843,113	2,767,137
Increase (Decrease) in Retained Earnings/Fund Balances	20,255,733	(6,617,924)	(1,937,054)	11,700,755	18,258,610
<u>RETAINED EARNINGS/FUND BALANCES - BEGINNING OF PERIOD</u>	292,590,607	7,995,315	14,038,392	314,624,314	296,657,447
Equity Transfers to Other Funds	(266,945)	0	0	(266,945)	(291,743)
<u>RETAINED EARNINGS/FUND BALANCES - END OF PERIOD</u>	\$ 312,579,395	1,377,391	12,101,338	326,058,124	314,624,314

The accompanying notes are an integral part of these financial statements

CITY OF FORT LAUDERDALE, FLORIDA

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND NON-EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

	<u>PROPRIETARY FUNDS</u>		<u>FIDUCIARY FUNDS</u>	<u>TOTALS</u>	
	<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>	<u>NON-EXPENDABLE TRUST</u>	<u>(MEMORANDUM ONLY)</u>	
				2001	2000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>					
Receipts from Customers	\$ 91,028,990	0	352,428	91,381,418	91,725,881
Receipts from Other Funds	2,536,111	34,356,533	0	36,892,644	33,631,715
Other Operating Receipts	0	160,017	0	160,017	364,714
Payments to Suppliers	(33,034,672)	(30,894,575)	(533,370)	(64,462,617)	(50,896,420)
Payments for Services of Employees	(26,104,202)	(2,067,580)	0	(28,171,782)	(26,196,231)
Payments to Other Funds	(16,406,373)	(581,749)	0	(16,988,122)	(16,688,766)
Net Cash Provided (Used) by Operating Activities	<u>18,019,854</u>	<u>972,646</u>	<u>(180,942)</u>	<u>18,811,558</u>	<u>31,940,893</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>					
Repayment of Loans to Other Funds	916,687	0	0	916,687	1,097,634
Operating Grant Receipts	533,382	0	0	533,382	434,843
Transfers from Other Funds	80,132	265,447	0	345,579	0
Loans to Other Funds	(1,337,491)	0	0	(1,337,491)	(916,686)
Transfers to Other Funds	(3,137,497)	(111,689)	0	(3,249,186)	(4,377,253)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(2,944,787)</u>	<u>153,758</u>	<u>0</u>	<u>(2,791,029)</u>	<u>(3,761,462)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>					
Proceeds from Disposal of Fixed Assets	0	350,148	0	350,148	902,701
Proceeds from Debt Issuance	0	0	0	0	5,700,114
Capital Contributions	2,415,593	980,385	0	3,395,978	2,885,868
Investment in Joint Venture	111,221	0	0	111,221	137,991
Acquisition and Construction of Fixed Assets	(20,499,818)	(4,950,287)	0	(25,450,105)	(24,027,594)
Retirement of Debt	(5,000,000)	196,058	0	(4,803,942)	(4,675,000)
Interest Paid on Debt	(880,564)	(207,673)	0	(1,088,237)	(1,046,458)
Net Cash Used by Capital and Related Financing Activities	<u>(23,853,568)</u>	<u>(3,631,369)</u>	<u>0</u>	<u>(27,484,937)</u>	<u>(20,122,378)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>					
Proceeds from Sales and Maturities of Investments	5,457,321	0	5,241,587	10,698,908	4,443,257
Interest and Dividends on Investments	8,515,054	1,670,134	535,971	10,721,159	9,837,639
Purchase of Investments	0	0	(5,596,616)	(5,596,616)	(10,301,346)
Net Cash Provided by Investing Activities	<u>13,972,375</u>	<u>1,670,134</u>	<u>180,942</u>	<u>15,823,451</u>	<u>3,979,550</u>
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	5,193,874	(834,831)	0	4,359,043	12,036,603
<u>CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD</u>	<u>116,961,954</u>	<u>25,715,353</u>	<u>0</u>	<u>142,677,307</u>	<u>130,640,704</u>
<u>CASH AND CASH EQUIVALENTS - END OF PERIOD</u>	\$ <u>122,155,828</u>	<u>24,880,522</u>	<u>0</u>	<u>147,036,350</u>	<u>142,677,307</u>
<u>CLASSIFIED AS</u>					
Unrestricted Assets	\$ 108,867,982	24,862,974	0	133,730,956	123,463,453
Restricted Assets	<u>13,287,846</u>	<u>17,548</u>	<u>0</u>	<u>13,305,394</u>	<u>19,213,854</u>
	\$ <u>122,155,828</u>	<u>24,880,522</u>	<u>0</u>	<u>147,036,350</u>	<u>142,677,307</u>

The accompanying notes are an integral part of these financial statements

Continued on next page

CITY OF FORT LAUDERDALE, FLORIDA

COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND NON-EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001

	<u>PROPRIETARY FUNDS</u>		<u>FIDUCIARY FUNDS</u>	<u>TOTALS</u>	
	<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>	<u>NON-EXPENDABLE TRUST</u>	<u>(MEMORANDUM ONLY)</u>	
				<u>2001</u>	<u>2000</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>					
<u>OPERATING INCOME (LOSS)</u>	\$ 10,798,941	(8,581,842)	(1,937,054)	280,045	13,069,612
<u>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>					
Depreciation	9,782,247	6,525,729	0	16,307,976	16,000,039
Net (Increase) Decrease in Fair Value of Investments	0	0	2,302,404	2,302,404	(719,615)
Interest and Dividends on Investments	0	0	(535,971)	(535,971)	(782,688)
Equity in Earnings of Joint Venture	(71,358)	0	0	(71,358)	(95,808)
Decrease in Estimated Landfill Closure Costs	1,188,000	0	0	1,188,000	0
Changes in Assets and Liabilities					
(Increase) Decrease in Receivables					
Accounts	(491,972)	(13,349)	0	(505,321)	443,933
Unbilled Service	521,431	0	0	521,431	(224,987)
Accrued Dividends and Interest	0	0	25,103	25,103	(3,004)
(Increase) Decrease in Inventories	18,755	12,379	0	31,134	(102,871)
(Increase) Decrease in Deferred Debt Issue Costs	(36,029)	0	0	(36,029)	47,478
Increase (Decrease) in Vouchers Payable	1,494,677	218,982	(35,424)	1,678,235	2,405,510
Increase in Accrued Payroll	24,564	1,819	0	26,383	107,396
Increase (Decrease) in Due to Other Governments	20,174	0	0	20,174	(8,651)
Increase in Estimated Insurance Claims Payable	0	2,802,185	0	2,802,185	359,364
Increase in Deposits Payable from Restricted Assets	230,386	0	0	230,386	297,422
Increase in Accrued Compensated Absences and Longevity	161,520	6,743	0	168,263	110,469
Increase (Decrease) in Deposits	22,080	0	0	22,080	(241,727)
Increase in Deferred Revenue	1,756,438	0	0	1,756,438	1,279,021
Decrease in Estimated Landfill Closure Costs	(7,400,000)	0	0	(7,400,000)	0
Total Adjustments	<u>7,220,913</u>	<u>9,554,488</u>	<u>1,756,112</u>	<u>18,531,513</u>	<u>18,871,281</u>
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	\$ <u>18,019,854</u>	<u>972,646</u>	<u>(180,942)</u>	<u>18,811,558</u>	<u>31,940,893</u>

RECONCILIATION OF CASH AND CASH EQUIVALENTS OF FIDUCIARY FUNDS

Non-expendable Trust Funds	\$ 0
Pension Trust Funds	0
Agency Funds	<u>183,979</u>
<u>CASH AND CASH EQUIVALENTS - FIDUCIARY FUNDS</u>	<u>\$ 183,979</u>

NON-CASH INVESTING ACTIVITIES

As of the report date, the non-cash net increase (decrease) in the fair value of the investments of the General Reserve Endowment and Perpetual Care Non-expendable Trust Funds totaled \$(68,124) and \$206,029, respectively.

The accompanying notes are an integral part of these financial statements

Continued from previous page

CITY OF FORT LAUDERDALE, FLORIDA

COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001

	GENERAL EMPLOYEES'	POLICE AND FIRE	TOTAL
<u>ADDITIONS</u>			
Contributions			
City	\$ 5,002,774	4,441,207	9,443,981
Employee	3,460,196	2,996,948	6,457,144
State	0	3,024,765	3,024,765
County	93,957	0	93,957
Total	<u>8,556,927</u>	<u>10,462,920</u>	<u>19,019,847</u>
Investment Income			
Interest	11,024,598	7,323,591	18,348,189
Dividends	1,539,021	2,321,878	3,860,899
Net Depreciation in Fair Value of Investments	(55,662,463)	(32,222,063)	(87,884,526)
Other	82,785	35	82,820
Total	<u>(43,016,059)</u>	<u>(22,576,559)</u>	<u>(65,592,618)</u>
Investment Expense	722,610	902,461	1,625,071
Net Investment Income	<u>(43,738,669)</u>	<u>(23,479,020)</u>	<u>(67,217,689)</u>
Other Income	58,960	25,712	84,672
Total Additions	<u>(35,122,782)</u>	<u>(12,990,388)</u>	<u>(48,113,170)</u>
<u>DEDUCTIONS</u>			
Benefits Paid			
Retirement	13,248,137	22,106,401	35,354,538
Disability	487,373	351,084	838,457
Death	662,326	231,150	893,476
Total	<u>14,397,836</u>	<u>22,688,635</u>	<u>37,086,471</u>
Refunds			
Employee Contributions	238,407	112,742	351,149
Interest on Contributions	23,926	6,125	30,051
Total	<u>262,333</u>	<u>118,867</u>	<u>381,200</u>
Administrative Costs	313,658	375,192	688,850
Total Deductions	<u>14,973,827</u>	<u>23,182,694</u>	<u>38,156,521</u>
<u>NET DECREASE</u>	(50,096,609)	(36,173,082)	(86,269,691)
<u>FUND BALANCES RESERVED FOR EMPLOYEES'</u> <u>PENSION BENEFITS - BEGINNING OF PERIOD</u>	<u>301,795,831</u>	<u>400,665,296</u>	<u>702,461,127</u>
<u>FUND BALANCES RESERVED FOR EMPLOYEES'</u> <u>PENSION BENEFITS - END OF PERIOD</u>	\$ <u>251,699,222</u>	<u>364,492,214</u>	<u>616,191,436</u>

The accompanying notes are an integral part of these financial statements.

CITY OF FORT LAUDERDALE, FLORIDA

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2001**

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CITY OF FORT LAUDERDALE, FLORIDA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS SEPTEMBER 30, 2001

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the City of Fort Lauderdale, Florida (the City) have been prepared in accordance with generally accepted accounting principles (GAAP) applicable to governmental units. The following is a summary of the more significant accounting policies of the City:

- (A) The Financial Reporting Entity - The City was incorporated in 1911, covers an area of approximately 33 square miles and is the county seat of Broward County, Florida. The City is governed by an elected five member commission composed of a Mayor and four District Commissioners and provides services to its approximately 152,400 residents in many areas, including law enforcement, community enrichment and development and various human services. As required by GAAP, these financial statements present the City of Fort Lauderdale (the primary government) and its component units. The component units discussed in note 1(B) below are included in the City's reporting entity because of the significance of their operational and financial relationships with the City.
- (B) Individual Component Unit Disclosure - The criteria used for including component units consists of identification of legally separate organizations for which the elected officials of the City are financially accountable. This criteria also includes identification of organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are in substance, part of the government's operations and so data from these units are combined with data of the primary government. A discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the government.

The Fort Lauderdale Community Redevelopment Agency (CRA) is governed by a five member board appointed by the City Commission (currently composed of the City Commission, itself). Although it is legally separate from the City, the CRA is reported as part of the primary government because its sole purpose is to finance and redevelop the City's designated redevelopment areas. The CRA is reported within the special revenue fund type using the blended method. Separate financial information for the CRA can be obtained from the City's Community and Economic Development Department.

The Sunrise Key Safe Neighborhood Improvement District (SK) is governed by a seven member board appointed by the City Commission. While legally separate from the City, SK is reported as part of the reporting entity under the discretely presented method because the City's elected officials are financially accountable for the SK. The City Commission has the power to approve, disapprove or modify the budget and millage rates or assessments submitted by the board. Separate financial information can be obtained from the SK.

CITY OF FORT LAUDERDALE, FLORIDA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS SEPTEMBER 30, 2001

- (C) Related Organizations - The City's officials are also responsible for appointing the members of the boards of other organizations, but the City's accountability for these organizations does not significantly extend beyond making the appointments. The City Commission appoints the governing board of the City of Fort Lauderdale Downtown Development Authority (DDA) and the Housing Authority of the City of Fort Lauderdale (HA). The City is not financially accountable for either the DDA or HA.
- (D) Joint Ventures - The City is a participant with the Performing Arts Center Authority (PACA) and the DDA in a joint venture to own and operate the 950 space Arts and Science District Parking Garage. The City has an ongoing financial interest in this joint venture which is discussed in note 7.
- (E) Basis of Presentation - The accounts of the City are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts which comprise its assets, liabilities, equities, revenues and expenditures or expenses. The various funds are grouped by type in the financial statements. The following fund types and account groups are used by the City:

GOVERNMENTAL FUND TYPES

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is on determination of changes in financial position, rather than net income. The following are the City's governmental fund types:

General Fund - The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. The general operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Debt Service Funds - Debt service funds are used to account for the annual payment of principal, interest and other expenditures on general long-term debt, other than bonds payable from the operations of the enterprise funds.

CITY OF FORT LAUDERDALE, FLORIDA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS SEPTEMBER 30, 2001

Capital Projects Funds - Capital projects funds are used to account for financial resources segregated for the acquisition or construction of major capital facilities other than those financed by enterprise operations.

PROPRIETARY FUND TYPES

Proprietary funds are used to account for the City's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is on determination of net income. The following are the City's proprietary fund types:

Enterprise Funds - Enterprise funds are used to account for operations that provide a service to citizens, financed primarily by a user charge, and where the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Funds - Internal service funds are used to account for the financing of goods or services provided by one department to other departments of the City or to other governmental units.

FIDUCIARY FUND TYPES

Fiduciary funds are used to account for assets held by the City in a trustee capacity for individuals, private organizations, other governmental units, and/or other funds. The following are the City's fiduciary fund types:

Trust and Agency Funds - Trust and agency funds are used to account for assets held in trust or as an agent by the City for others. The City has two types of trust funds: nonexpendable and pension. Nonexpendable and pension trust funds are accounted for and reported in the same manner as proprietary funds. Agency funds are custodial in nature and do not involve measurement of net income.

ACCOUNT GROUPS

Account groups are used to establish accounting controls and accountability for the City's general fixed assets and its general long-term debt. The City's account groups are further described below:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the City, other than those accounted for in the enterprise, internal service and pension trust funds.

CITY OF FORT LAUDERDALE, FLORIDA

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2001**

General Long-Term Debt Account Group - This account group is established to account for all long-term debt of the City except that accounted for in the enterprise and internal service funds.

COMPARATIVE TOTAL DATA

Comparative total data are the aggregate of the fund types, account groups and the discretely presented component unit. No consolidating or other eliminations were made in arriving at the totals; thus, they do not present consolidated financial information and are labeled as "memorandum only".

Total data for the prior year have been presented in the accompanying combined financial statements in order to provide an understanding of changes in the City's financial position and operations.

RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform to the current year presentation.

- (F) Basis of Accounting - The modified accrual basis of accounting is followed by the governmental and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become susceptible to accrual, i.e., measurable and available to finance the City's operations. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the related fund liabilities are incurred, if measurable, except for interest on long-term debt and the long-term portion of accumulated compensated absences and longevity pay, which are recognized when due.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if susceptible to accrual.

The major utility and franchise taxes are recorded as revenues when earned. Licenses and permits, fines and forfeitures, charges for services, and other revenues (except investment earnings) are recorded as revenues when received in cash because they are generally not measurable until actually received. Property taxes are recorded as revenues in the fiscal year levied, provided they are collected in the current period or

CITY OF FORT LAUDERDALE, FLORIDA

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2001**

within sixty days thereafter. Those remaining uncollected are recorded as deferred revenues. Investment income is recorded as revenue when earned. Special assessments are recorded as revenues only to the extent that individual installments are considered available.

The accrual basis of accounting is utilized by proprietary funds and pension and nonexpendable trust funds. Unbilled service receivables have been accrued in the proprietary funds.

(G) Budgetary Data - The City Commission follows these procedures in establishing the budgetary data reflected in the financial statements:

- (1) Prior to August 1, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing on October 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) Public hearings are conducted.
- (3) Prior to October 1, the budget is legally enacted.
- (4) The level of control (level at which expenditures may not exceed budget) is the department. The City Manager is authorized to transfer budgeted amounts within departments of any fund. Any revisions that alter the total expenditures of any department must be approved by the City Commission. Unencumbered balances of appropriations lapse at year end.
- (5) Annual budgets are adopted for all governmental and proprietary funds except the Law Enforcement Confiscated Property Special Revenue Fund and the capital project funds. The budgets have been adopted on a basis consistent with GAAP with the following exceptions: Advances from other funds are presented as revenues, and encumbrances, advances to other funds and principal on the proprietary funds' long-term debt are presented as expenditures or expenses (see note 2 for further disclosure).

The reported budgetary data represents the final approved budget after amendments adopted by the City Commission with one exception. Budgets for grants and shared revenues from other governmental units which do not lapse at year end are only reported to the extent of revenues recognized and expenditures incurred for the current year. Individual amendments were not material in relation to the original adopted budget.

(H) Encumbrances - Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

(I) Cash and Cash Equivalents - The City considers cash on hand, cash with fiscal agents, demand deposits, certificates of deposit and bank repurchase agreements as cash and

CITY OF FORT LAUDERDALE, FLORIDA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2001

cash equivalents. In addition, each fund's equity in the City's investment pool has been treated as a cash equivalent since cash may be deposited or withdrawn from the pool at any time without prior notice or penalty.

- (J) Investments - Investments are stated at fair value. Income from investments held by the individual funds is recorded in the respective fund as it is earned. All other investments owned by the City are accounted for in the City's investment pool. Income earned from this pool is allocated to the respective funds based upon average monthly balances.
- (K) Inventories - Inventories in the special revenue and capital projects funds are composed of land held for redevelopment or resale and are stated at cost. Inventories of materials and supplies in the general, enterprise and internal service funds are based on year end physical counts priced at weighted average cost. Inventories are recognized as expenditures or expenses when consumed.
- (L) Advances to Other Funds - Long-term interfund advances of the governmental funds are recorded by the advancing fund as a receivable and a reservation of fund balance. Repayments reduce the corresponding receivable and the reserve.
- (M) Fixed Assets - Proprietary and Pension Trust Funds - Property, plant and equipment owned by the proprietary and pension trust funds are stated at cost or estimated historical cost. Contributions of fixed assets received from Federal, state or local sources are recorded as contributions when received and are stated at estimated fair market value at the time of acquisition. Depreciation on such externally contributed fixed assets is recorded as a reduction of contributed equity. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized. Interest is capitalized on projects during the construction period based upon average accumulated project expenditures.

Depreciation of plant and equipment is provided on the straight-line basis over the following estimated useful lives:

Buildings	40-50 years
Improvements	20-50 years
Equipment	3-15 years

- (N) General Fixed Assets - General fixed assets have been acquired for general governmental purposes. Assets purchased are recorded as expenditures in the governmental funds and capitalized at cost in the general fixed assets account group. In the case of gifts or contributions, such assets are recorded at fair market value at the time received.

CITY OF FORT LAUDERDALE, FLORIDA

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2001**

Certain improvements, including roads, bridges, curbs and gutters, streets, sidewalks and lighting systems, are not capitalized. Such assets normally are immovable and of value only to the City. No depreciation has been provided on general fixed assets.

- (O) Pension Plans - The City provides separate defined benefit pension plans for general employees and uniformed police and fire department personnel. The City also provides a defined contribution pension plan for general employees not eligible to participate in the defined benefit plan. It is the City's policy to fund the normal cost and amortization of the unfunded prior service cost (see note 14).
- (P) Self-Insurance - The City is self-insured for general liability, automobile liability, police professional liability, workers' compensation, employee relations and certain death benefits and medical plans. The operating funds are charged premiums by the City Insurance Internal Service Fund. The accrued liability for estimated claims represents an estimate of the eventual loss on claims arising prior to year end including claims incurred and not yet reported.
- (Q) Employee Compensated Absences and Longevity - City employees are granted sick, vacation and longevity pay in varying amounts based on length of service. Compensatory time is granted to employees in lieu of overtime pay at the employee's request. Sick leave payments to terminated employees are based on length of service. Unused vacation pay and compensatory time are paid upon an employee's termination. Longevity pay is paid to eligible employees annually based on length of service. Expenditures for accumulated compensated absences and longevity have been recorded in the governmental funds to the extent that such amounts will be paid from expendable available resources. The remaining portion has been recorded as a liability in the general long-term debt account group. Accumulated compensated absences and longevity are recorded as expenses in the proprietary funds when earned.
- (R) Reserves - Reserves are reported in the various funds to indicate that portion of fund balance/retained earnings legally segregated for specific purposes.
- (S) Landfill Closure Costs - Landfill closure and postclosure care costs represent an estimate of the City's share of total current costs to close and monitor the City's landfill. The landfill is accounted for in the Sanitation Enterprise Fund.
- (T) Proprietary Fund Accounting - In accordance with GASB Statement No. 20 "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting", all proprietary funds will apply all applicable GASB pronouncements and all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The City chooses not to follow FASB guidance issued after November 30, 1989 for its proprietary funds.

CITY OF FORT LAUDERDALE, FLORIDA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2001

(2) COMPARISON OF BUDGET TO ACTUAL RESULTS:

As discussed in note 1(G)(5), certain adjustments are necessary to compare actual data on a GAAP versus budget basis. Adjustments necessary to compare the fund balances of the general and special revenue funds at year end follow:

	<u>General</u>	<u>Special Revenue</u>
Combined statement of revenues, expenditures and changes in fund balances - page 6	\$ 11,098,016	17,496,644
Basis of accounting adjustments:		
Encumbrances	(1,947,469)	(194,780)
Equity adjustments:		
Fund balances of non-budgeted funds		
Law Enforcement Confiscated Property Fund	<u>0</u>	<u>(2,382,247)</u>
Combined statement of revenues, expenditures and changes in fund balances - budget and actual (budget basis) - page 8	\$ <u>9,150,547</u>	<u>14,919,617</u>

Within the governmental funds, certain departments had excesses of actual expenditures over budget for the year as follows: General Fund Fire Rescue and Public Services departments of \$42,066 and \$93,242, respectively; Community Redevelopment Agency Special Revenue Fund City Manager department of \$890; and Sunshine State Debt Service Fund of \$4,573. Within the proprietary funds, department excesses of actual expenses over budget for the year were as follows: Sanitation Enterprise Fund Public Services department of \$26,696 and City Insurance Internal Service Fund Insurance department of \$6,462,870.

(3) CASH AND CASH EQUIVALENTS AND INVESTMENTS:

The City maintains a common cash and investment pool for use by all funds. In addition, cash and investments are separately held by the City's special revenue, debt service, capital projects, enterprise and trust funds.

Cash and Cash Equivalents

At September 30, 2001 the carrying amount of the City's deposits was \$10,378,331 with a bank balance of \$10,646,649. Of the bank balance, \$275,896 was covered by Federal depository insurance or by collateral held by the City's agent in the City's name and \$10,370,753 was insured via participation by the bank in the Florida Security for Public Deposits Act. Included in the carrying amount of deposits was \$44,135 cash on hand.

Investments

In accordance with GASB Statement No. 31 "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", all investments are reported at fair value.

CITY OF FORT LAUDERDALE, FLORIDA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS SEPTEMBER 30, 2001

Florida Statutes and City Ordinances authorize City officials to invest pooled funds in United States and corporate bonds and obligations, guaranteed United States agency issues, Florida state, county, municipal, school district and other political subdivision general, excise and revenue obligations, the Florida State Investment Pool, the Florida Municipal Investment Trust, Florida bank certificates of deposit, bankers acceptances, repurchase agreements, reverse repurchase agreements and prime commercial paper issues. In addition, the trust funds are authorized to invest in corporate bonds and stocks, money market funds, real estate and mortgages and notes.

The City's investments are categorized by type to give an indication of the level of credit risk assumed by the City at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the financial institution's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the City's counterparty, or by its trust department or agent, but not in the City's name.

Open market securities and mutual fund fair values were determined using the quoted market values on the exchange in which the securities are traded. The value of the City's investment in the Florida State Investment Pool, which is not Securities and Exchange Commission (SEC) registered but which qualifies as an SEC 2a7-like pool, is the same as the pool's share price. This local government surplus fund investment pool is administered by the Florida State Board of Administration, an agency of the State of Florida, with regulatory oversight exercised by the State. Likewise, the Florida Municipal Investment Trust, a local government investment trust administered by the Florida League of Cities, is not SEC registered, but qualifies as an SEC 2a7-like pool. The value of the City's investment in the trust is based upon changes in market value of the underlying securities. The City's real estate holding is comprised of its share in a real estate investment trust. The value of the trust property portfolio is based upon the most recent appraised value. At September 30, 2001 the fair value and category of credit risk of the City's investments are as follows:

	<u>Category 1</u>	<u>Fair Value</u>
U.S. Treasury Securities	\$ 50,997,136	50,997,136
U.S. Government Agency Securities	67,255,966	67,255,966
Commercial Paper	3,769,688	3,769,688
Corporate Obligations	169,538,837	169,538,837
Preferred Stock	11,485,181	11,485,181
Common Stock	<u>306,381,031</u>	<u>306,381,031</u>
	\$ <u>609,427,839</u>	609,427,839
Money Market Mutual Funds		73,166,734
Florida State Investment Pool		138,939,672
Florida Municipal Investment Trust		13,939,772
Real Estate Investments		1,418,720
Other		<u>2,502,316</u>
		\$ <u>839,395,053</u>

CITY OF FORT LAUDERDALE, FLORIDA

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
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As of September 30, 2001 the Florida State Investment Pool (Pool) contained certain floating and variable rate notes, which could be classified as "derivative" investments under GASB Technical Bulletin No. 94-1. Derivatives are generally defined as contracts whose value depends on, or derives from, the value of an underlying asset, reference rate or index. During the year all floating and variable rate notes owned by the Pool were index based floaters derived from the fixed prime rate and/or one and three month London Inter-Bank Offered Rates. As of September 30, 2001 the Pool's investment in this type of instrument represented approximately 1.04% of the total Pool investments.

Interest receivable on the City's investment pool amounted to \$635,470 at September 30, 2001.

(4) PROPERTY TAXES:

The City's property tax is levied, becomes a lien on real and personal property located in the City and is recorded as a receivable on November 1 of each year based upon the assessed value listed as of the prior January 1. Assessed values are established by the Broward County Property Appraiser. The assessed value at January 1, 2000, upon which the 2000-01 levy was based, was approximately \$12.99 billion.

The City is permitted by state law to levy taxes up to 10 mills of assessed valuation for General Fund operations exclusive of voted debt levies. Taxes levied for the General Fund for the 2000-01 fiscal year were 5.0415 mills for operations and 0.5249 for debt service.

All taxes are due from property holders on March 31, become delinquent on April 1 and become subject to the issuance of tax sale certificates on June 1. Current tax collections for the year ended September 30, 2001 were approximately 98.9% of the total tax levy.

(5) INTERFUND RECEIVABLES AND PAYABLES:

Individual interfund receivable and payable balances at September 30, 2001 follow:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund:		
Sunshine State Construction Fund 1996	\$ 22,160	0
Capital Projects Funds:		
General Obligation Construction Fund 1997	0	404,403
Sunshine State Construction Fund 1996	93,109	22,160
Excise Tax Construction Fund 1998C	0	93,109
Enterprise Funds:		
Water and Sewer	1,337,491	0
Trust Funds:		
General Employees' Pension	0	18,681
Police and Fire Pension	0	914,407
	<u>\$ 1,452,760</u>	<u>1,452,760</u>

CITY OF FORT LAUDERDALE, FLORIDA

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2001**

(6) FIXED ASSETS:

The components of fixed assets at September 30, 2001 follow:

	<u>Proprietary Funds</u>			<u>General Fixed Assets Account Group</u>	<u>Total</u>
	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>Trust Funds</u>		
Land	\$ 17,075,581	0	0	30,193,816	47,269,397
Buildings	176,796,533	708,459	0	86,107,542	263,612,534
Improvements	256,543,663	672,921	0	60,454,804	317,671,388
Equipment	27,538,310	50,611,793	53,245	38,613,453	116,816,801
Work in Progress	<u>11,553,917</u>	<u>0</u>	<u>0</u>	<u>9,169,672</u>	<u>20,723,589</u>
	489,508,004	51,993,173	53,245	224,539,287	766,093,709
Less Accumulated Depreciation	<u>164,380,734</u>	<u>33,575,038</u>	<u>40,538</u>	<u>0</u>	<u>197,996,310</u>
	<u>\$ 325,127,270</u>	<u>18,418,135</u>	<u>12,707</u>	<u>224,539,287</u>	<u>568,097,399</u>

The following tables summarize changes in components of the general fixed assets account group:

	<u>Balance October 1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2001</u>
Land	\$ 30,044,082	149,734	0	30,193,816
Buildings	82,067,147	4,040,395	0	86,107,542
Improvements	54,343,327	6,111,477	0	60,454,804
Equipment	35,208,575	4,273,691	868,813	38,613,453
Work in Progress	<u>7,485,751</u>	<u>13,392,998</u>	<u>11,709,077</u>	<u>9,169,672</u>
	<u>\$ 209,148,882</u>	<u>27,968,295</u>	<u>12,577,890</u>	<u>224,539,287</u>

The sources of general fixed assets acquired follow:

General Fund	\$ 24,205,860
Special Revenue	26,669,058
Capital Projects	155,771,843
Enterprise	286,963
Contributed	2,031,507
Assets acquired prior to October 1, 1974 - sources undetermined	<u>15,574,056</u>
	<u>\$ 224,539,287</u>

CITY OF FORT LAUDERDALE, FLORIDA

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2001**

(7) INVESTMENT IN JOINT VENTURE:

The City has agreements with the PACA and the DDA for the operation of a 950 space parking garage in the Arts and Science District of the City. The City, as operating agent, has full and exclusive responsibility for operation and maintenance of the garage which is being accounted for as a joint venture in the Parking System Fund using the equity method of accounting.

The City collects all revenues and pays all operating expenses for the garage and determines the allocation to each of the participants monthly. Net income for the year was \$602,057, derived exclusively from operations. The equity interests of the City, the PACA and the DDA totaled \$1,239,255, \$1,429,159 and \$672,653, respectively at September 30, 2001. Separate financial statements for the joint venture are available from the City's Finance Department.

(8) RISK MANAGEMENT:

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City Insurance Internal Service Fund is used to account for and finance both uninsured and insured risks of loss. Coverage is provided for workers' compensation, employee practices, general liability, auto liability, police professional liability and certain medical benefits. The City purchases commercial insurance for workers' compensation claims in excess of \$300,000 for employees with statutory limits per accident. In addition, property insurance is purchased for City structures with a \$100,000 retention and total limits in force of \$245,000,000. Commercial, specific, stop-loss insurance is also purchased for medical claims in excess of \$150,000. Settled claims have never exceeded the City's retention and excess coverage in force.

All operating funds of the City participate in the program and make payments to the fund based on estimates of the amounts needed to pay prior and current claims and to provide fund equity for catastrophic losses. The estimated insurance claims payable at September 30, 2001 of \$17,997,124 is based on the requirements of GASB Statement No. 10 "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues" as amended by GASB Statement No. 30 "Risk Financing Omnibus", which requires that claims liabilities be based upon the estimated ultimate costs of settling the claims. The liability also includes incurred but not reported claims developed through actuarial analysis of loss history. Changes in the balance of estimated insurance claims payable for the fiscal years ended September 30, 2001 and 2000 follow:

	<u>Balance</u> <u>October 1</u>	<u>New Claims</u> <u>and Changes</u> <u>in Estimates</u>	<u>Claim</u> <u>Payments</u>	<u>Balance</u> <u>September 30</u>
Fiscal Year Ending in:				
2000	\$ 14,835,575	6,848,679	6,489,315	15,194,939
2001	15,194,939	20,358,419	17,556,234	17,997,124

CITY OF FORT LAUDERDALE, FLORIDA

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2001**

(9) CAPITAL LEASE OBLIGATIONS:

The City has entered into a lease agreement as lessee for financing the acquisition of police vehicles and ancillary equipment. The lease agreement qualifies as a capital lease for accounting purposes and, therefore has been recorded at the present value of the future lease payments as of the inception date in the Vehicle Rental Internal Service Fund. The vehicles acquired during the current year under this agreement totaled \$892,654.

The future (minimum) lease obligations and the net present value of the lease payments as of September 30, 2001 are as follows:

Fiscal Year Ended In:	
2002	\$ 169,167
2003	169,167
2004	169,167
2005	169,167
2006	169,167
2007	<u>84,584</u>
Total Lease Payments	930,419
Less: Amount of Interest	<u>(114,361)</u>
Present Value of Lease Payments	\$ <u>816,058</u>

(10) LONG-TERM DEBT:

The following is a summary of long-term debt transactions of the City for the fiscal year ended September 30, 2001:

	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>General Long-Term Debt</u>
Payable at October 1, 2000	\$ 31,553,074	5,104,583	118,435,048
New Debt Issued:			
Special Assessment Debt with Government Commitment	0	0	2,502,316
Debt Retired:			
General Obligation Bonds	0	0	(4,160,000)
Excise Tax Bonds	(1,680,000)	(620,000)	(2,180,000)
Water and Sewer Revenue Bonds	(3,070,000)	0	0
Sanitation Revenue Bonds	(250,000)	0	0
Tax Increment Revenue Bonds	0	0	(300,000)
Sunshine State Financing Commission Loans	0	0	(1,875,000)
Net Changes in Other Long-term Liabilities:			
Estimated Landfill Closure Costs	(7,400,000)	0	0
Accrued Compensated Absences and Longevity	<u>161,520</u>	<u>6,743</u>	<u>1,567,642</u>
Payable at September 30, 2001	<u>\$19,314,594</u>	<u>4,491,326</u>	<u>113,990,006</u>

CITY OF FORT LAUDERDALE, FLORIDA

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
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Bonds, Notes and Loans Payable at September 30, 2001 consists of:

	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>General Long-Term Debt</u>
General Obligation Bonds	\$ 0	0	50,450,000
Excise Tax Bonds	4,380,000	4,260,000	22,015,000
Sanitation Revenue Bonds	5,490,000	0	0
Tax Increment Revenue Bonds	0	0	4,735,000
Sunshine State Financing Commission Loans	<u>0</u>	<u>0</u>	<u>13,750,000</u>
	\$ <u>9,870,000</u>	<u>4,260,000</u>	<u>90,950,000</u>

Bonds outstanding at September 30, 2001 mature in varying amounts during succeeding fiscal years through 2018. Interest rates are as follows: 4.5% to 5.5% on general obligation bonds, 3.45% to 5.5% on excise tax bonds, 5.1% on sanitation revenue bonds and 5.6% to 6.2% on tax increment revenue bonds. The Sunshine State Financing Commission Loans are variable rate instruments with the tax exempt loans averaging 3.34% and the taxable loan averaging 6.58%.

The annual requirements to pay principal and interest on the bonds, notes and loans outstanding at September 30, 2001 (in thousands) follow and include estimated amounts for interest on the variable rate Sunshine State Loans:

	<u>Enterprise Funds</u>		<u>Internal Service Funds</u>	<u>General Long-Term Debt</u>			
	Sanitation Revenue Bonds	Excise Tax Bonds	Excise Tax Bonds	General Obliga- tion Bonds	Excise Tax Bonds	Increment Revenue Bonds	Sunshine State Loans
Fiscal Year Ending In:							
2002	\$ 545	1,401	814	6,799	3,185	605	2,063
2003	546	1,382	818	6,674	3,178	603	2,147
2004	547	1,376	816	6,645	3,182	603	2,237
2005	546	791	814	6,602	3,185	603	2,331
2006	550	0	814	6,636	3,182	606	756
2007-2011	2,768	0	818	18,111	10,499	3,017	3,984
2012-2016	2,253	0	0	14,522	0	605	615
2017-2018	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,921</u>	<u>0</u>	<u>0</u>	<u>305</u>
	\$ <u>7,755</u>	<u>4,950</u>	<u>4,894</u>	<u>68,910</u>	<u>26,411</u>	<u>6,642</u>	<u>14,438</u>

Water and Sewer Revenue Bonds, secured by a pledge of the net revenues of the City's water and sewer system, matured during the year. General Obligation Bonds are secured by the full faith and credit of the City. The Excise Tax Bonds are secured by a pledge of certain utility service, cigarette and franchise taxes. In addition, the City of Pompano Beach, Florida has contractually agreed to pay 39% of the debt service costs on the Excise Tax Improvement Bonds

CITY OF FORT LAUDERDALE, FLORIDA

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
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which were used to fund an 800 MHz public safety communications system for both cities. Tax Increment Revenue Bonds are secured by a pledge of the net revenues of the City's parking system. The Sanitation Revenue Bonds are secured by a pledge of the net revenues of the Sanitation Enterprise Fund. The Sunshine State Financing Commission Loans are secured by a pledge of non-ad valorem tax revenues and a covenant to budget and appropriate.

The Special Assessment Debt is a loan made from pooled investments for beautification projects and will be repaid from assessments to benefiting property owners when construction is completed.

In November 1985, the Sunshine State Governmental Commission (the Commission) was created. As of September 30, 2001, eleven cities and three counties were members of the Commission. Two cities participate as non-members. Under this interlocal agreement among the member governments, the Commission enables a limited number of qualifying governments to participate in pooled debt financings with pricing and cost structures not normally available to governmental entities acting individually. Loan obligations from the Commission are reflected as debt by the participating governments. The City has no obligation and minimal event risk associated with the Commission other than the repayment of its loan. Financial statements may be obtained from the Commission.

The bond resolutions of the various Excise Tax Improvement and Revenue Bond issues require that sufficient funds be available to meet the largest debt service requirement in any ensuing fiscal year. The City maintains a municipal bond debt service reserve fund insurance policy to satisfy this requirement for its outstanding Excise Tax Improvement Bonds, thereby eliminating the need to set aside funds for this purpose. At September 30, 2001 funds available met the debt service requirements for Revenue Bonds.

The City has refinanced various bond issues through the issuance of refunding bond issues or otherwise has defeased outstanding debt. The proceeds from the refunding issues have been deposited in irrevocable trusts at commercial banks and invested in U.S. Government securities, which together with interest earned thereon, will provide amounts sufficient for future payment of principal and interest on the issues refunded. The assets, liabilities, and financial transactions of these trust accounts are not reflected in the financial statements of the City. At September 30, 2001 total defeased debt outstanding was as follows:

Water and Sewer Revenue Bonds, Series 1993B	\$ 12,430,000
Excise Tax Improvement Bonds, Series 1992	<u>4,585,000</u>
	\$ <u>17,015,000</u>

At September 30, 2001 the City had arbitrage rebate liabilities of \$549,464 on the 1997 General Obligation Bonds and \$363,455 on the 1998 Excise Tax Improvement Bonds. These liabilities were for the computation periods extending from the issue dates of May 15, 1997 and December 17, 1998, respectively. The ultimate amounts payable will be determined at the end of the respective bond construction periods and may be greater or less than the current liability.

CITY OF FORT LAUDERDALE, FLORIDA

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2001**

(11) ESTIMATED LANDFILL CLOSURE COSTS:

The Wingate landfill and incinerator was an active disposal site from 1954 to 1978. In 1990, the site was designated by the Environmental Protection Agency (EPA) as a superfund site requiring the City to take remedial action. Based on the results of a 1994 Remedial Investigation and Feasibility Study, the EPA agreed to various remedies including a single layer cap in 1996 in a final Record of Decision at an estimated remediation cost of \$20,500,000 which was recognized as a liability in the Sanitation Enterprise Fund. In 1998, the City entered into an agreement with the Potentially Responsible Parties (PRPs), know as the Wingate Superfund Group, to oversee compliance with a 1998 Consent Decree between the City, the EPA and the PRP's. As a result of the agreement, the City reduced its estimated remediation liability to \$10,000,000.

The consent decree provided for payment of expenses associated with the remediation, promoted cost effective response actions, allocated management and financial responsibilities and resolved claims for cost recovery between the parties. The consent decree was validated December 28, 1999 allowing site remediation to commence. The agreement with the Wingate Superfund Group created a trust fund for collection and disbursement of funds for the remediation and limited the City's share of remediation costs to \$8,325,000, excluding ancillary costs.

During the current year, the site was capped, a substantial part of the City's share of remediation costs was paid and the liability for Estimated Landfill Closure Costs was reduced to \$5,500,000 in the Sanitation Enterprise Fund. The reduction included a lowering of estimated remaining costs of \$1,188,000. The liability is composed of estimated fees remaining for the remediation of the site of \$800,000 and estimated post closure care costs of \$4,700,000.

On December 21, 2001 the State of Florida Department of Environmental protection notified the City and the Wingate Superfund Group that areas adjacent to the site had dioxin levels that exceeded what they considered safe. They estimated the cost to remove these soils to be between \$700,000 and \$1,300,000 and stated that they intended to perform the work and seek recovery of the costs from the parties. The City and the other parties informed the State that the standards they were using to define what was considered safe were unrealistically low and not authorized in their rules. In late January 2002 the State began to remove the soils pursuant to their letter. The City remains opposed to this action by the State on the grounds that it is unwarranted and unnecessary and has taken the position that the State will have to bear the burden for their actions.

(12) CONTRIBUTIONS:

The enterprise and internal service funds receive permanent contributions of capital from certain government agencies and other sources. Most of these contributions are restricted by the contributing government agency to the acquisition or construction of capital facilities. The additions and major sources of contributions are as follows:

CITY OF FORT LAUDERDALE, FLORIDA

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2001**

	<u>Water and Sewer</u>	<u>Other Enterprise</u>	<u>Internal Service</u>	<u>Total</u>
Contributions at October 1, 2000	\$ 99,853,687	14,944,939	16,701,756	131,500,382
Additions (Deletions):				
Federal Government	9,661	1,005,218	0	1,014,879
State of Florida	0	255,159	0	255,159
Other Funds (Net)	0	0	980,385	980,385
Assessments	1,755,179	404,198	0	2,159,377
Developers	516,928	0	0	516,928
Other	0	356,245	0	356,245
Current Year Depreciation	<u>(2,142,717)</u>	<u>(674,534)</u>	<u>(25,862)</u>	<u>(2,843,113)</u>
Contributions at September 30, 2001	\$ <u>99,992,738</u>	<u>16,291,225</u>	<u>17,656,279</u>	<u>133,940,242</u>

(13) RETAINED EARNINGS/FUND BALANCES:

Reserves have been established in the various funds to comply with generally accepted accounting principles or covenants contained in the bond resolutions of the revenue bond issues. In addition, portions of the unreserved fund balances have been designated for subsequent years' expenditures.

At September 30, 2001 the components of Retained Earnings/Fund Balances consist of the following:

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Total</u>
Retained Earnings:			
Reserved for			
Replacement and Improvement	\$ 943,085	0	943,085
Regional Capital Improvements	7,176,838	0	7,176,838
Unreserved	<u>304,459,472</u>	<u>1,377,391</u>	<u>305,836,863</u>
	<u>\$ 312,579,395</u>	<u>1,377,391</u>	<u>313,956,786</u>

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Trust and Agency</u>	<u>Total</u>
Fund Balances:						
Reserved for						
Encumbrances	\$ 1,947,469	196,758	0	11,079,276	0	13,223,503
Inventories	143,369	10,350,409	0	3,093,864	0	13,587,642
Employees' Pension Benefits	0	0	0	0	616,191,436	616,191,436
Endowments	0	0	0	0	12,101,338	12,101,338
Debt Service	0	93,691	541,845	0	0	635,536
Unreserved						
Designated for Subsequent Years' Expenditures	5,659,855	3,619,212	0	25,642,086	0	34,921,153
Undesignated	<u>3,347,323</u>	<u>3,236,574</u>	<u>0</u>	<u>9,228,086</u>	<u>0</u>	<u>15,811,983</u>
	<u>\$ 11,098,016</u>	<u>17,496,644</u>	<u>541,845</u>	<u>49,043,312</u>	<u>628,292,774</u>	<u>706,472,591</u>

CITY OF FORT LAUDERDALE, FLORIDA

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2001**

At September 30, 2001 the following funds had deficit balances in retained earnings that were either fully or partially offset by accumulated contributions:

	<u>Retained Earnings</u>	<u>Contributions</u>	<u>Fund Equity</u>
Sanitation Fund	\$ (5,775,222)	1,367,225	(4,407,997)
City Insurance Fund	(6,084,335)	802,315	(5,282,020)
Central Services Fund	(4,331,094)	7,066,906	2,735,812

The Sanitation Fund deficit resulted from its estimated landfill closure liability of \$5,500,000 further described in note 11. The City Insurance Fund deficit was created from a combination of greater than expected utilization of the new self-insured health program, and claims experience in workers' compensation and general liability exposures. This deficit is being amortized over a three to five year period through a combination of benefit design changes and increased premiums. The deficit in the Central Services Fund resulted solely from the annual depreciation of over \$6 million in contributed fixed assets.

(14) EMPLOYEE RETIREMENT SYSTEMS:

The City's pension plans are presented in accordance with GASB Statements No. 25 "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" and No. 27 "Accounting for Pensions by State and Local Governmental Employers". The objective of these statements is to enhance the understandability and usefulness of pension information included in the financial statements of state and local governmental employers.

Defined Benefit Plans - Plan Descriptions and Funding Policies

General Employees Retirement System

The General Employees Retirement System is a single-employer defined benefit plan administered by an eight member board of trustees which covers all City employees except police and firefighters. The City's payroll for employees covered by the plan applicable to the September 30, 2000 actuarial valuation was approximately \$53,388,000. The total City payroll at that time was approximately \$116,463,000. As of the valuation date, employee membership data related to the pension plan was as follows:

Retirees and beneficiaries currently receiving benefits	973
Terminated employees entitled to benefits but not yet receiving them	33
Fully, partially and non-vested active plan participants	1,363

CITY OF FORT LAUDERDALE, FLORIDA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS SEPTEMBER 30, 2001

Under the vesting provisions of the plan, most employees are entitled to 100% of normal retirement benefits after 5 years of service beginning at age 58. Certain employees hired on or after October 1, 1983 electing reduced benefits are entitled to 100% of normal retirement benefits after 10 years of service beginning at age 65. Members who terminate prior to vesting are entitled to a refund of employee contributions plus interest at 3% per year. These benefit provisions and all other requirements are established by City ordinance.

Employees contribute from 4% to 6% of their earnings to the plan. The City is required to contribute the remaining amounts necessary to fund the plan, based on an amount determined by the plan's actuaries as of September 30 each year. For the current year the City's contribution rate as a percentage of annual covered payroll was 9.4%.

Police and Firefighters Retirement System

The Police and Firefighters Retirement System is a single-employer defined benefit plan administered by an eight member board of trustees which covers all police and firefighters. The City's payroll for employees covered by the plan applicable to the December 31, 2000 actuarial valuation was approximately \$44,690,000. The total City payroll at that time was approximately \$116,331,000. As of the valuation date, employee membership data related to the pension plan was as follows:

Retirees and beneficiaries currently receiving benefits	606
Terminated employees entitled to benefits but not yet receiving them	22
Fully, partially and non-vested active plan participants	787

Under the vesting provisions of the plan, employees are entitled to 100% of normal retirement benefits after 10 years of service beginning at age 47 or 50. Members who terminate prior to vesting are entitled to a refund of employee contributions plus interest at 3% per year. These benefit provisions and all other requirements are established by City ordinance.

Employees contribute from 6% to 7% of their earnings to the plan. In addition, contributions are received from the State of Florida. The City is required to contribute the remaining amounts necessary to fund the plan, based on an amount determined by the plan's actuaries as of December 31 each year. For the current year the City and State of Florida contribution rates as percentages of annual covered payroll were 10.5% and 7.2%, respectively.

Annual Pension Cost and Actuarial Methods and Assumptions

Annual Pension Cost (APC) is a measure of the periodic cost of an employer's participation in a defined benefit pension plan. The APC for the General Employees and Police and Firefighters plans for the last three fiscal years follow:

CITY OF FORT LAUDERDALE, FLORIDA

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2001**

Fiscal Year Ended In:	<u>General Employees</u>		<u>Police and Firefighters</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
		<u>Contributed</u>		<u>Contributed</u>
1999	\$ 5,693,583	100%	\$ 6,054,880	100%
2000	4,187,028	100	4,841,916	100
2001	5,002,774	100	4,441,207	100

Since the City contributed 100% of the APC in each of the years indicated, there was no net pension obligation at the end of any year for either plan.

Actuarial methods and significant actuarial assumptions used to determine the annual required contributions for the current year follow:

	<u>General Employees</u>	<u>Police and Firefighters</u>
Valuation Date	September 30, 2000	December 31, 1999
Actuarial Cost Method	Entry Age	Entry Age
Amortization Method	Level Percent Closed	Level Percent Closed
Remaining Amortization Period	23 Years	2-30 Years
Asset Valuation Method	Three year smoothed market	Investment earnings greater than assumed rate over 4 year
Actuarial Assumptions:		
Investment Rate of Return	7.5% Including 4% Inflation	8% Including 4.5% Inflation
Projected Salary Increases	4.0% - 6.4%	5.2% - 8.2%
Cost-of-Living Adjustments (COLA)	Ad Hoc COLA's are granted with City Commission approval if investment earnings exceeded the funding assumptions in the prior year.	A COLA, limited to the change in the CPI, is granted each year to the extent it can be funded by the net experience gains during the prior year.

Six year historical trend information is presented in supplementary schedules following these notes (see page 43). In addition, both the General Employees and Police and Firefighters Retirement Systems issue separate financial statements. The Police and Fire plan statements are issued annually and the General Employees plan statements are issued biennially.

Defined Contribution Plans

General Employees Special Class Plan

The General Employees Special Class Plan is a single-employer defined contribution plan administered by the City which covers all classified City employees (except police and firefighters) who are not eligible to participate in the General Employees Retirement System. The City's

CITY OF FORT LAUDERDALE, FLORIDA

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2001**

current year payroll for employees covered by the plan was approximately \$1,276,000. The total City payroll for the year was approximately \$119,744,000.

The City contribution requirement of 9% on earnings of participants was paid on a biweekly basis and amounted to \$114,830 for the current year. Employee contributions are neither required nor permitted under the plan.

Employees become fully vested in the plan upon entry. These benefit provisions and all other requirements are established by City ordinance.

Non-classified Employees Retirement Plan

The Non-classified Employees Retirement Plan is a single-employer defined contribution plan administered by the City which covers certain non-classified City employees who have elected not to participate in the City's General Employees Retirement System. The City's current year payroll for employees covered by the plan was approximately \$1,109,000. The total City payroll for the year was approximately \$119,744,000.

The City contribution requirement of 10.8% on earnings of participants was paid on a biweekly basis and amounted to \$123,142 for the current year. Employee contributions are neither required nor permitted under the plan.

Employees become fully vested in the plan upon entry. These benefit provisions and all other requirements are established by City ordinance.

(15) OTHER POSTEMPLOYMENT BENEFITS:

The City provides a postemployment health insurance benefit for its general employees and sworn police officers. Employees are paid from \$100 to \$400 per month upon normal retirement for the purchase of health insurance. The benefit continues until age 65 and is funded on a pay-as-you-go basis. As of September 30, 2001 there were 251 retired employees receiving the benefit with an additional 2,183 employees eligible for participation in the future. Payments totaled \$624,900 for the year.

(16) DEFERRED COMPENSATION PLAN:

The City offers a deferred compensation plan to its employees in addition to the pension plans. Participation is optional. The City has adopted the provisions of IRS code Section 457(g) and GASB Statement No. 32 "Accounting and Financial Reporting for IRS Code Section 457 Deferred Compensation Plans". Under these provisions, all assets and income of the plan are held in trust for the exclusive benefit of participants. Accordingly, the assets and liabilities of the plan are not reported within the City's financial statements.

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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2001**

(17) OTHER REVENUES:

The components of other revenues on the combined statement of revenues, expenditures and changes in fund balances - all governmental fund types follow:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Interest	\$ 1,768,916	741,187	175,514	3,224,443	5,910,060
Rents and Concessions	2,168,577	170,407	0	0	2,338,984
Assessments and Impact Fees	5,705,406	0	0	120,722	5,826,128
Sale of Property	9,925	0	0	0	9,925
Contributions and Donations	375,411	0	0	364,830	740,241
Interfund Service Charges	13,860,120	55,534	0	0	13,915,654
Miscellaneous	<u>415,830</u>	<u>670,807</u>	<u>0</u>	<u>0</u>	<u>1,086,637</u>
	<u>\$ 24,304,185</u>	<u>1,637,935</u>	<u>175,514</u>	<u>3,709,995</u>	<u>29,827,629</u>

(18) EQUITY TRANSFERS:

Transfers of equity between funds are recorded as equity transfers in the governmental funds and as equity transfers or as additions to and deletions of contributions in the enterprise and internal service funds. A summary of these transactions for the year ended September 30, 2001 follows:

	<u>Equity Transfers Out</u>	<u>Additions To Contributions</u>	<u>Total</u>
Governmental Funds	\$ (723,101)	0	(723,101)
Enterprise Funds	(266,945)	9,661	(257,284)
Internal Service Funds	<u>0</u>	<u>980,385</u>	<u>980,385</u>
	<u>\$ (990,046)</u>	<u>990,046</u>	<u>0</u>

(19) OPERATING LEASES:

On September 1, 1962 the City entered into a lease agreement with Bahia Mar Yachting Center, Inc. (Bahia Mar) for the purpose of constructing and operating a restaurant, lounge, yacht club, motel/hotel, convention hall, marine facilities and other similar businesses. The cost of the property at the inception of the lease was \$552,000. On June 30, 1994 this lease was assumed by RAHN Bahia Mar, LTD. and, as amended, will terminate on August 31, 2062, at which time, all additions to the property originally leased to Bahia Mar will revert to the City.

The lease agreement provides for a minimum guaranteed annual rental of \$300,000 per year. In addition, the City receives contingent rentals (\$490,592 in 2001) based upon escalating percentages of gross receipts for the duration of the agreement.

CITY OF FORT LAUDERDALE, FLORIDA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS SEPTEMBER 30, 2001

The City has various aviation leases and nonaviation land leases which are accounted for as operating leases in the Airport Fund. Minimum future rentals on these leases as of September 30, 2001 follow:

Fiscal Year Ending in:	<u>Aviation Leases</u>	<u>Land Leases</u>	<u>Total</u>
2001	\$ 871,640	2,003,380	2,875,020
2002	871,640	2,003,380	2,875,020
2003	871,640	2,003,380	2,875,020
2004	871,640	2,003,380	2,875,020
2005	871,640	2,003,380	2,875,020
Later Years	<u>15,014,047</u>	<u>58,430,256</u>	<u>73,444,303</u>
	<u>\$ 19,372,247</u>	<u>68,447,156</u>	<u>87,819,403</u>

Contingent rentals on these leases amounted to \$1,375,236 in the current year.

(20) SEGMENTS OF ENTERPRISE ACTIVITIES:

Various services provided by the City are financed by user charges including water and sewer, sanitation, parking, airport and stormwater. The key financial information (in thousands) for the year ended September 30, 2001 for these services follow:

	<u>Water and Sewer</u>	<u>Sanitation</u>	<u>Parking System</u>	<u>Airport</u>	<u>Stormwater</u>	<u>Total</u>
Operating Revenues	\$ 58,701	17,961	7,510	4,482	2,944	91,598
Depreciation	8,138	129	741	628	146	9,782
Discount Amortization	6	0	36	0	0	42
Operating Income (Loss)	7,789	431	2,013	172	394	10,799
Operating Transfers In	0	0	80	0	0	80
Operating Transfers Out	1,931	17	616	302	5	2,871
Net Income	11,871	1,846	1,682	1,062	978	17,439
Capital Contributions	2,282	0	0	1,617	404	4,303
Fixed Asset Additions	16,305	293	563	2,859	589	20,609
Fixed Asset Deletions	5	0	0	5	0	10
Net Working Capital	80,331	4,201	8,310	12,791	10,057	115,690
Total Assets	377,589	8,588	32,551	30,223	14,151	463,102
Long-Term Bonds	0	5,490	4,380	0	0	9,870
Other Long-Term Liabilities	0	5,500	0	0	0	5,500
Total Equity	363,193	(4,408)	27,382	29,330	13,366	428,863

CITY OF FORT LAUDERDALE, FLORIDA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2001

(21) COMMITMENTS AND CONTINGENT LIABILITIES:

The City has outstanding commitments for construction and acquisition of property, plant and equipment in the various enterprise funds. The following is a summary of the more significant of these commitments at September 30, 2001:

<u>Water and Sewer Fund</u>	
Collection and Distribution Systems	\$ 11,765,837
Water Treatment Plants Improvements	1,969,444
Process Control Systems	5,609,586
Other	<u>2,787,673</u>
	<u>22,132,540</u>
<u>Sanitation Fund</u>	
Wingate Landfill Closure	<u>309,750</u>
<u>Airport Fund</u>	
Airfield Improvements	2,939,861
Administration Building	<u>1,832,452</u>
	<u>4,772,313</u>
<u>Stormwater Fund</u>	
Storm Drainage	<u>414,483</u>
	<u>\$ 27,629,086</u>

On August 9, 1990 the City's wastewater biosolids compost plant was voluntarily taken out of service due to mechanical and odor control system problems. To address the disposal of the wastewater solids generated at the City's regional wastewater treatment plant, the City determined, from both an economic and regulatory standpoint, that the most viable solution was land application of the solids. The cost of the existing plant, which currently has a book value of \$20.7 million, was partially reimbursed by \$15.8 million in EPA grant funds. On March 9, 2000, the EPA requested a refund of the grant of approximately \$13.3 million. No liability has been recognized for this amount. The City is currently negotiating with the EPA to permanently close the facility. If an agreement is reached, the City believes the plant will be disposed of and any reimbursement to the EPA would be limited to proceeds received from the disposal.

The City participates in a number of state and Federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. As provided by terms of their grant, the EPA conducted an interim audit of the compost plant project in 1994 and requested reimbursement of \$1 million at that time. The City has vigorously disputed the EPA's findings and the situation remains unchanged at this time. No liability has been recognized in the Water and Sewer Fund for this contingency as it is management's belief that the final resolution will not have a material impact on the City's financial statements.

The EPA has conducted a remedial investigation at the City's Peele Dixie wellfield site to determine the source of ground water contamination. Primary sources for the contamination have been tentatively determined by the EPA to be a former waste oil reclamation facility and a site currently owned by the State of Florida. The EPA is using the Superfund process to recover

CITY OF FORT LAUDERDALE, FLORIDA

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2001**

remediation costs from the responsible parties. A settlement is anticipated to be reached sometime in 2002. Based upon this information, the City firmly believes that it will not incur additional expenses toward the remediation of this site.

Various substantial lawsuits have been filed against the City including personal injury claims, liability claims related to police activities and general liability claims. The estimated liabilities related to the various claims have been accrued in the City Insurance Internal Service Fund. In the opinion of City management, the expected liability for these claims would not materially exceed the amounts recorded in the financial statements.

(22) GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS:

Effective October 1, 2000 the City adopted GASB Statement No. 33, "Accounting and Financial Reporting for Non-exchange Transactions." This statement clarified the requirements for the recognition of certain non-exchange transactions. Adoption of GASB Statement No. 33 did not have any effect on the City's general purpose financial statements.

In June 1999, GASB Statement No. 34, "Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments" was issued. This statement establishes new accounting and financial reporting standards for state and local governments. This statement is effective for financial statement periods beginning after June 15, 2001. The provisions of this statement establish accounting and financial reporting standards for general purpose external financial reporting and specific standards for the basic financial statements, management's discussion and analysis (MD&A), and certain required supplementary information other than MD&A. The City is currently evaluating the impact GASB Statement No. 34 will have on its financial statements.

CITY OF FORT LAUDERDALE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
LAST SIX FISCAL YEARS
(IN MILLIONS)

GENERAL EMPLOYEES RETIREMENT SYSTEM

<u>VALUATION DATE</u>	<u>ACTUARIAL VALUE OF PLAN ASSETS</u>	<u>ACTUARIAL ACCRUED LIABILITY (AAL)- ENTRY AGE</u>	<u>UNFUNDED AAL (UAAL)</u>	<u>FUNDED RATIO</u>	<u>ANNUAL COVERED PAYROLL</u>	<u>UAAL AS A PERCENTAGE OF COVERED PAYROLL</u>
9/30/95	\$ 163.3	192.6	29.3	84.8 %	\$ 42.7	68.6 %
9/30/96	175.9	215.9	40.0	81.5	43.1	92.8
9/30/97	204.9	225.9	21.0	90.7	45.4	46.3
9/30/98	228.1	247.5	19.4	92.2	49.0	39.6
9/30/99	254.7	250.8	(3.9)	101.6	51.1	-
9/30/00	274.9	278.4	3.5	98.7	53.4	6.6

POLICE AND FIREFIGHTERS RETIREMENT SYSTEM

<u>VALUATION DATE</u>	<u>ACTUARIAL VALUE OF PLAN ASSETS</u>	<u>ACTUARIAL ACCRUED LIABILITY (AAL)- ENTRY AGE</u>	<u>UNFUNDED AAL (UAAL)</u>	<u>FUNDED RATIO</u>	<u>ANNUAL COVERED PAYROLL</u>	<u>UAAL AS A PERCENTAGE OF COVERED PAYROLL</u>
12/31/95	\$ 222.2	259.8	37.6	85.5 %	\$ 33.0	113.9 %
12/31/96	247.8	282.9	35.1	87.6	35.0	100.3
12/31/97	282.1	311.4	29.3	90.6	33.3	88.0
12/31/98	331.6	336.4	4.8	98.6	37.1	12.9
12/31/99	375.4	362.4	(13.0)	103.6	42.1	-
12/31/00	405.1	394.2	(10.9)	102.8	44.7	-

CITY OF FORT LAUDERDALE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND OTHER CONTRIBUTING ENTITIES
LAST SIX FISCAL YEARS

FISCAL YEAR ENDED	GENERAL EMPLOYEES RETIREMENT SYSTEM		POLICE AND FIREFIGHTERS RETIREMENT SYSTEM			
			CITY		STATE OF FLORIDA	
	ANNUAL REQUIRED CONTRIBUTION	PERCENTAGE CONTRIBUTED	ANNUAL REQUIRED CONTRIBUTION	PERCENTAGE CONTRIBUTED	ANNUAL REQUIRED CONTRIBUTION	PERCENTAGE CONTRIBUTED
9/30/96	\$ 5,091,855	100 %	\$ 8,008,653	100 %	\$ 2,217,051	100 %
9/30/97	6,022,556	100	7,092,440	100	2,379,035	100
9/30/98	5,482,994	100	6,653,658	100	2,902,854	100
9/30/99	5,693,583	100	6,054,880	100	2,879,668	100
9/30/00	4,187,028	100	4,841,916	100	3,368,466	100
9/30/01	5,002,774	100	4,441,207	100	3,024,765	100